

#2.

passed  
voice vote

Offered by Mr. Souder,  
*Mr. Woolsey, Mr. Fattah, and Mr. Talent*  
To the Amendment in the Nature of a Substitute  
To H.R. 4271

Page 54, after line 25, insert the following (and make such technical and conforming changes as may be appropriate):

1 **SEC. 104. ASSETS FOR INDEPENDENCE.**

2 The Community Services Block Grant Act (42 U.S.C.  
3 9901–9912) is amended—

4 (1) by striking “This subtitle” each place it ap-  
5 pears (other than in section 671) and inserting  
6 “This subtitle”,

7 (2) by striking “this subtitle” each place it ap-  
8 pears (other than in section 671) and inserting “this  
9 subtitle”,

10 (3) by inserting the following after section 671:

11 “PART A—COMMUNITY SERVICES GRANTS”, AND

12 (4) by adding at the end the following:

13 “PART B— ASSETS FOR INDEPENDENCE

14 **“SEC. 685. SHORT TITLE.**

15 “This part may be cited as the ‘Assets for Independ-  
16 ence Act’.

1   **"SEC. 686. FINDINGS.**

2       "Congress makes the following findings:

3           "(1) Economic well-being does not come solely  
4       from income, spending, and consumption, but also  
5       requires savings, investment, and accumulation of  
6       assets because assets can improve economic inde-  
7       pendence and stability, connect individuals with a  
8       viable and hopeful future, stimulate development of  
9       human and other capital, and enhance the welfare of  
10      offspring.

11          "(2) Fully 1/2 of all Americans have either no,  
12      negligible, or negative assets available for invest-  
13      ment, just as the price of entry to the economic  
14      mainstream, the cost of a house, an adequate edu-  
15      cation, and starting a business, is increasing. Fur-  
16      ther, the household savings rate of the United States  
17      lags far behind other industrial nations presenting a  
18      barrier to economic growth.

19          "(3) In the current tight fiscal environment, the  
20      United States should invest existing resources in  
21      high-yield initiatives. There is reason to believe that  
22      the financial returns, including increased income, tax  
23      revenue, and decreased welfare cash assistance, re-  
24      sulting from individual development accounts will far  
25      exceed the cost of investment in those accounts.

1           “(4) Traditional public assistance programs  
2           concentrating on income and consumption have rare-  
3           ly been successful in promoting and supporting the  
4           transition to increased economic self-sufficiency. In-  
5           come-based domestic policy should be complemented  
6           with asset-based policy because, while income-based  
7           policies ensure that consumption needs (including  
8           food, child care, rent, clothing, and health care) are  
9           met, asset-based policies provide the means to  
10          achieve greater independence and economic well-  
11          being.

12   **“SEC. 687. PURPOSES.**

13          “The purposes of this part are to provide for the es-  
14          tablishment of demonstration projects designed to deter-  
15          mine—

16               “(1) the social, civic, psychological, and eco-  
17          nomic effects of providing to individuals and families  
18          with limited means an incentive to accumulate assets  
19          by saving a portion of their earned income;

20               “(2) the extent to which an asset-based policy  
21          that promotes saving for postsecondary education,  
22          homeownership, and microenterprise development  
23          may be used to enable individuals and families with  
24          limited means to increase their economic self-suffi-  
25          ciency; and

1           “(3) the extent to which an asset-based policy  
2       stabilizes and improves families and the community  
3       in which they live.

4   **“SEC. 688. DEFINITIONS.**

5       “In this part:

6           “(1) APPLICABLE PERIOD.—The term “applica-  
7       ble period” means, with respect to amounts to be  
8       paid from a grant made for a project year, the cal-  
9       endar year immediately preceding the calendar year  
10      in which the grant is made.

11          “(2) ELIGIBLE INDIVIDUAL.—The term “eligi-  
12      ble individual” means an individual who is selected  
13      to participate by a qualified entity under section  
14      693.

15          “(3) EMERGENCY WITHDRAWAL.—The term  
16      “emergency withdrawal” means a withdrawal by an  
17      eligible individual that—

18           “(A) is a withdrawal of only those funds,  
19           or a portion of those funds, deposited by the in-  
20           dividual in the individual development account  
21           of the individual;

22           “(B) is permitted by a qualified entity on  
23           a case-by-case basis; and

24           “(C) is made for—

1                   “(i) expenses for medical care or nec-  
2                   essary to obtain medical care, for the indi-  
3                   vidual or a spouse or dependent of the in-  
4                   dividual described in paragraph (8)(D);

5                   “(ii) payments necessary to prevent  
6                   the eviction of the individual from the resi-  
7                   dence of the individual, or foreclosure on  
8                   the mortgage for the principal residence of  
9                   the individual, as defined in paragraph  
10                  (8)(B); or

11                  “(iii) payments necessary to enable  
12                  the individual to meet necessary living ex-  
13                  penses following loss of employment.

14                  “(4) HOUSEHOLD.—The term “household”  
15                  means all individuals who share use of a dwelling  
16                  unit as primary quarters for living and eating sepa-  
17                  rate from other individuals.

18                  “(5) INDIVIDUAL DEVELOPMENT ACCOUNT.—

19                  “(A) IN GENERAL.—The term “individual  
20                  development account” means a trust created or  
21                  organized in the United States exclusively for  
22                  the purpose of paying the qualified expenses of  
23                  an eligible individual, or enabling the eligible in-  
24                  dividual to make an emergency withdrawal, but

1           only if the written governing instrument creat-  
2           ing the trust meets the following requirements:

3                   “(i) No contribution will be accepted  
4                   unless it is in cash or by check.

5                   “(ii) The trustee is a federally insured  
6                   financial institution, or a State insured fi-  
7                   nancial institution if no federally insured  
8                   financial institution is available.

9                   “(iii) The assets of the trust will be  
10                  invested in accordance with the direction of  
11                  the eligible individual after consultation  
12                  with the qualified entity providing deposits  
13                  for the individual under section 694.

14                  “(iv) The assets of the trust will not  
15                  be commingled with other property except  
16                  in a common trust fund or common invest-  
17                  ment fund.

18                  “(v) Except as provided in clause (vi),  
19                  any amount in the trust which is attrib-  
20                  utable to a deposit provided under section  
21                  694 may be paid or distributed out of the  
22                  trust only for the purpose of paying the  
23                  qualified expenses of the eligible individual,  
24                  or enabling the eligible individual to make  
25                  an emergency withdrawal.

1                   “(vi) Any balance in the trust on the  
2                   day after the date on which the individual  
3                   for whose benefit the trust is established  
4                   dies shall be distributed within 30 days of  
5                   that date as directed by that individual to  
6                   another individual development account es-  
7                   tablished for the benefit of an eligible indi-  
8                   vidual.

9                   “(B) CUSTODIAL ACCOUNTS.—For pur-  
10                  poses of subparagraph (A), a custodial account  
11                  shall be treated as a trust if the assets of the  
12                  custodial account are held by a bank (as de-  
13                  fined in section 408(n) of the Internal Revenue  
14                  Code of 1986) or another person who dem-  
15                  onstrates, to the satisfaction of the Secretary,  
16                  that the manner in which such person will ad-  
17                  minister the custodial account will be consistent  
18                  with the requirements of this part, and if the  
19                  custodial account would, except for the fact that  
20                  it is not a trust, constitute an individual devel-  
21                  opment account described in subparagraph (A).  
22                  For purposes of this part, in the case of a cus-  
23                  todial account treated as a trust by reason of  
24                  the preceding sentence, the custodian of that

1           custodial account shall be treated as the trustee  
2           thereof.

3           “(6) PROJECT YEAR.—The term “project year”  
4           means, with respect to a demonstration project, any  
5           of the 5 consecutive 12-month periods beginning on  
6           the date the project is originally authorized to be  
7           conducted.

8           “(7) QUALIFIED ENTITY.—

9                 “(A) IN GENERAL.—The term “qualified  
10           entity” means—

11                     “(i) one or more not-for-profit organi-  
12                     zations described in section 501(c)(3) of  
13                     the Internal Revenue Code of 1986 and ex-  
14                     empt from taxation under section 501(a)  
15                     of such Code; or

16                     “(ii) a State or local government  
17                     agency, or a tribal government, submitting  
18                     an application under section 689 jointly  
19                     with an organization described in clause  
20                     (i).

21           “(B) RULE OF CONSTRUCTION.—Nothing  
22           in this paragraph shall be construed as prevent-  
23           ing an organization described in subparagraph  
24           (A)(i) from collaborating with a financial insti-

1           tution or for-profit community development cor-  
2           poration to carry out the purposes of this part.

3           “(8) QUALIFIED EXPENSES.—The term “quali-  
4           fied expenses” means 1 or more of the following, as  
5           provided by the qualified entity:

6                   “(A) POSTSECONDARY EDUCATIONAL EX-  
7           PENSES.—Postsecondary educational expenses  
8           paid from an individual development account di-  
9           rectly to an eligible educational institution. In  
10          this subparagraph:

11                   “(i) POSTSECONDARY EDUCATIONAL  
12          EXPENSES.—The term “postsecondary  
13          educational expenses” means the following:

14                   “(I) TUITION AND FEES.—Tui-  
15          tion and fees required for the enroll-  
16          ment or attendance of a student at an  
17          eligible educational institution.

18                   “(II) FEES, BOOKS, SUPPLIES,  
19          AND EQUIPMENT.—Fees, books, sup-  
20          plies, and equipment required for  
21          courses of instruction at an eligible  
22          educational institution.

23                   “(ii) ELIGIBLE EDUCATIONAL INSTI-  
24          TUTION.—The term “eligible educational  
25          institution” means the following:

1                   “(I) INSTITUTION OF HIGHER  
2 EDUCATION.—An institution described  
3 in section 481(a)(1) or 1201(a) of the  
4 Higher Education Act of 1965 (20  
5 U.S.C. 1088(a)(1) or 1141(a)), as  
6 such sections are in effect on the date  
7 of enactment of this part.

8                   “(II) POSTSECONDARY VOCA-  
9 TIONAL EDUCATION SCHOOL.—An  
10 area vocational education school (as  
11 defined in subparagraph (C) or (D) of  
12 section 521(4) of the Carl D. Perkins  
13 Vocational and Applied Technology  
14 Education Act (20 U.S.C. 2471(4)))  
15 which is in any State (as defined in  
16 section 521(33) of such Act), as such  
17 sections are in effect on the date of  
18 enactment of this part.

19                   “(B) FIRST-HOME PURCHASE.—Qualified  
20 acquisition costs with respect to a principal res-  
21 idence for a qualified first-time homebuyer, if  
22 paid from an individual development account di-  
23 rectly to the persons to whom the amounts are  
24 due. In this subparagraph:

1                   “(i) PRINCIPAL RESIDENCE.—The  
2 term “principal residence” means a prin-  
3 cipal residence, the qualified acquisition  
4 costs of which do not exceed 100 percent  
5 of the average area purchase price applica-  
6 ble to such residence.

7                   “(ii) QUALIFIED ACQUISITION  
8 COSTS.—The term “qualified acquisition  
9 costs” means the costs of acquiring, con-  
10 structing, or reconstructing a residence.  
11 The term includes any usual or reasonable  
12 settlement, financing, or other closing  
13 costs.

14                   “(iii) QUALIFIED FIRST-TIME HOME-  
15 BUYER.—

16                   “(I) IN GENERAL.—The term  
17 “qualified first-time homebuyer”  
18 means an individual participating in  
19 the project (and, if married, the indi-  
20 vidual’s spouse) who has no present  
21 ownership interest in a principal resi-  
22 dence during the 3-year period ending  
23 on the date of acquisition of the prin-  
24 cipal residence to which this subpara-  
25 graph applies.

1                   “(II) DATE OF ACQUISITION.—

2                   The term “date of acquisition” means  
3                   the date on which a binding contract  
4                   to acquire, construct, or reconstruct  
5                   the principal residence to which this  
6                   subparagraph applies is entered into.

7                   “(C) BUSINESS CAPITALIZATION.—

8                   Amounts paid from an individual development  
9                   account directly to a business capitalization ac-  
10                  count which is established in a federally insured  
11                  financial institution (or in a State insured fi-  
12                  nancial institution if no federally insured finan-  
13                  cial institution is available) and is restricted to  
14                  use solely for qualified business capitalization  
15                  expenses. In this subparagraph:

16                  “(i) QUALIFIED BUSINESS CAPITAL-  
17                  IZATION EXPENSES.—The term “qualified  
18                  business capitalization expenses” means  
19                  qualified expenditures for the capitalization  
20                  of a qualified business pursuant to a quali-  
21                  fied plan.

22                  “(ii) QUALIFIED EXPENDITURES.—

23                  The term “qualified expenditures” means  
24                  expenditures included in a qualified plan,

1 including capital, plant, equipment, work-  
2 ing capital, and inventory expenses.

3 “(iii) QUALIFIED BUSINESS.—The  
4 term “qualified business” means any busi-  
5 ness that does not contravene any law or  
6 public policy (as determined by the Sec-  
7 retary).

8 “(iv) QUALIFIED PLAN.—The term  
9 “qualified plan” means a business plan, or  
10 a plan to use a business asset purchased,  
11 which—

12 “(I) is approved by a financial in-  
13 stitution, a microenterprise develop-  
14 ment organization, or a nonprofit loan  
15 fund having demonstrated fiduciary  
16 integrity;

17 “(II) includes a description of  
18 services or goods to be sold, a market-  
19 ing plan, and projected financial  
20 statements; and

21 “(III) may require the eligible in-  
22 dividual to obtain the assistance of an  
23 experienced entrepreneurial adviser.

24 “(D) TRANSFERS TO IDAS OF FAMILY  
25 MEMBERS.—Amounts paid from an individual

1 development account directly into another such  
2 account established for the benefit of an eligible  
3 individual who is—

4 “(i) the individual’s spouse; or

5 “(ii) any dependent of the individual  
6 with respect to whom the individual is al-  
7 lowed a deduction under section 151 of the  
8 Internal Revenue Code of 1986.

9 “(9) QUALIFIED SAVINGS OF THE INDIVIDUAL  
10 FOR THE PERIOD.—The term “qualified savings of  
11 the individual for the period” means the aggregate  
12 of the amounts contributed by the individual to the  
13 individual development account of the individual  
14 during the period.

15 “(10) SECRETARY.—The term “Secretary”  
16 means the Secretary of Health and Human Services.

17 “(11) TRIBAL GOVERNMENT.—The term “tribal  
18 government” means a tribal organization, as defined  
19 in section 4 of the Indian Self-Determination and  
20 Education Assistance Act (25 U.S.C. 450b) or a Na-  
21 tive Hawaiian organization, as defined in section  
22 9212 of the Native Hawaiian Education Act (20  
23 U.S.C. 7912).

1   **“SEC. 689. APPLICATIONS.**

2       “(a)    ANNOUNCEMENT       OF       DEMONSTRATION  
3   PROJECTS.—Not later than 3 months after the date of  
4   enactment of this part, the Secretary shall publicly an-  
5   nounce the availability of funding under this part for dem-  
6   onstration projects and shall ensure that applications to  
7   conduct the demonstration projects are widely available to  
8   qualified entities.

9       “(b) SUBMISSION.—Not later than 6 months after  
10   the date of enactment of this part, a qualified entity may  
11   submit to the Secretary an application to conduct a dem-  
12   onstration project under this part.

13       “(c) CRITERIA.—In considering whether to approve  
14   an application to conduct a demonstration project under  
15   this part, the Secretary shall assess the following:

16           “(1) SUFFICIENCY OF PROJECT.—The degree  
17       to which the project described in the application ap-  
18       pears likely to aid project participants in achieving  
19       economic self-sufficiency through activities requiring  
20       qualified expenses. In making such assessment, the  
21       Secretary shall consider the overall quality of project  
22       activities in making any particular kind or combina-  
23       tion of qualified expenses to be an essential feature  
24       of any project.

1           “(2) ADMINISTRATIVE ABILITY.—The experi-  
2           ence and ability of the applicant to responsibly ad-  
3           minister the project.

4           “(3) ABILITY TO ASSIST PARTICIPANTS.—The  
5           experience and ability of the applicant in recruiting,  
6           educating, and assisting project participants to in-  
7           crease their economic independence and general well-  
8           being through the development of assets.

9           “(4) COMMITMENT OF NON-FEDERAL FUNDS.—  
10          The aggregate amount of direct funds from non-  
11          Federal public sector and from private sources that  
12          are formally committed to the project as matching  
13          contributions.

14          “(5) ADEQUACY OF PLAN FOR PROVIDING IN-  
15          FORMATION FOR EVALUATION.—The adequacy of  
16          the plan for providing information relevant to an  
17          evaluation of the project.

18          “(6) OTHER FACTORS.—Such other factors rel-  
19          evant to the purposes of this part as the Secretary  
20          may specify.

21          “(d) PREFERENCES.—In considering an application  
22          to conduct a demonstration project under this part, the  
23          Secretary shall give preference to an application that—

24                 “(1) demonstrates the willingness and ability to  
25                 select individuals described in section 692 who are

1       predominantly from households in which a child (or  
2       children) is living with the child's biological or adop-  
3       tive mother or father, or with the child's legal guard-  
4       ian;

5           “(2) provides a commitment of non-Federal  
6       funds with a proportionately greater amount of such  
7       funds committed by private sector sources; and

8           “(3) targets such individuals residing within 1  
9       or more relatively well-defined neighborhoods or  
10      communities (including rural communities) that ex-  
11      perience high rates of poverty or unemployment.

12      “(e) APPROVAL.—Not later than 9 months after the  
13      date of enactment of this part, the Secretary shall, on a  
14      competitive basis, approve such applications to conduct  
15      demonstration projects under this part as the Secretary  
16      deems appropriate, taking into account the assessments  
17      required by subsections (c) and (d). The Secretary is en-  
18      couraged to ensure that the applications that are approved  
19      involve a range of communities (both rural and urban) and  
20      diverse populations.

21      “(f) CONTRACTS WITH NONPROFIT ENTITIES.—The  
22      Secretary may contract with an entity described in section  
23      501(c)(3) of the Internal Revenue Code of 1986 and ex-  
24      empt from taxation under section 501(a) of such Code to

1 conduct any responsibility of the Secretary under this sec-  
2 tion or section 696 if—

3 “(1) such entity demonstrates the ability to  
4 conduct such responsibility; and

5 “(2) the Secretary can demonstrate that such  
6 responsibility would not be conducted by the Sec-  
7 retary at a lower cost.

8 **“SEC. 690. DEMONSTRATION AUTHORITY; ANNUAL GRANTS.**

9 “(a) DEMONSTRATION AUTHORITY.—If the Sec-  
10 retary approves an application to conduct a demonstration  
11 project under this part, the Secretary shall, not later than  
12 10 months after the date of enactment of this part, au-  
13 thorize the applicant to conduct the project for 5 project  
14 years in accordance with the approved application and the  
15 requirements of this part.

16 “(b) GRANT AUTHORITY.—For each project year of  
17 a demonstration project conducted under this part, the  
18 Secretary may make a grant to the qualified entity author-  
19 ized to conduct the project. In making such a grant, the  
20 Secretary shall make the grant on the first day of the  
21 project year in an amount not to exceed the lesser of—

22 “(1) the aggregate amount of funds committed  
23 as matching contributions by non-Federal public or  
24 private sector sources; or

25 “(2) \$1,000,000.

1   **“SEC. 691. RESERVE FUND.**

2       “(a) ESTABLISHMENT.—A qualified entity under this  
3 part, other than a State or local government agency, or  
4 a tribal government, shall establish a Reserve Fund which  
5 shall be maintained in accordance with this section.

6       “(b) AMOUNTS IN RESERVE FUND.—

7           “(1) IN GENERAL.—As soon after receipt as is  
8 practicable, a qualified entity shall deposit in the Re-  
9 serve Fund established under subsection (a)—

10           “(A) all funds provided to the qualified en-  
11 tity by any public or private source in connec-  
12 tion with the demonstration project; and

13           “(B) the proceeds from any investment  
14 made under subsection (c)(2).

15       “(2) UNIFORM ACCOUNTING REGULATIONS.—

16       The Secretary shall prescribe regulations with re-  
17 spect to accounting for amounts in the Reserve  
18 Fund established under subsection (a).

19       “(c) USE OF AMOUNTS IN THE RESERVE FUND.—

20           “(1) IN GENERAL.—A qualified entity shall use  
21 the amounts in the Reserve Fund established under  
22 subsection (a) to—

23           “(A) assist participants in the demonstra-  
24 tion project in obtaining the skills (including  
25 economic literacy, budgeting, credit, and coun-  
26 seling) and information necessary to achieve

1 economic self-sufficiency through activities re-  
2 quiring qualified expenses;

3 “(B) provide deposits in accordance with  
4 section 694 for individuals selected by the quali-  
5 fied entity to participate in the demonstration  
6 project;

7 “(C) administer the demonstration project;  
8 and

9 “(D) provide the research organization  
10 evaluating the demonstration project under sec-  
11 tion 698 with such information with respect to  
12 the demonstration project as may be required  
13 for the evaluation.

14 “(2) AUTHORITY TO INVEST FUNDS.—

15 “(A) GUIDELINES.—The Secretary shall  
16 establish guidelines for investing amounts in the  
17 Reserve Fund established under subsection (a)  
18 in a manner that provides an appropriate bal-  
19 ance between return, liquidity, and risk.

20 “(B) INVESTMENT.—A qualified entity  
21 shall invest the amounts in its Reserve Fund  
22 that are not immediately needed to carry out  
23 the provisions of paragraph (1), in accordance  
24 with the guidelines established under subpara-  
25 graph (A).

1           “(3) LIMITATION ON USES.—Not more than 9.5  
2       percent of the amounts provided to a qualified entity  
3       under section 698(b) shall be used by the qualified  
4       entity for the purposes described in subparagraphs  
5       (A), (C), and (D) of paragraph (1), of which not less  
6       than 2 percent of the amounts shall be used by the  
7       qualified entity for the purposes described in para-  
8       graph (1)(D). If 2 or more qualified entities are  
9       jointly administering a project, no qualified entity  
10      shall use more than its proportional share for the  
11      purposes described in subparagraphs (A), (C), and  
12      (D) of paragraph (1).

13      “(d) UNUSED FEDERAL GRANT FUNDS TRANS-  
14      FERRED TO THE SECRETARY WHEN PROJECT TERMI-  
15      NATES.—Notwithstanding subsection (c), upon the termi-  
16      nation of any demonstration project authorized under this  
17      section, the qualified entity conducting the project shall  
18      transfer to the Secretary an amount equal to—

19           “(1) the amounts in its Reserve Fund at time  
20      of the termination; multiplied by

21           “(2) a percentage equal to—

22           “(A) the aggregate amount of grants made  
23      to the qualified entity under section 698(b); di-  
24      vided by

1                   “(B) the aggregate amount of all funds  
2                   provided to the qualified entity by all sources to  
3                   conduct the project.

4   **“SEC. 692. ELIGIBILITY FOR PARTICIPATION.**

5           “(a) IN GENERAL.—Any individual who is a member  
6 of a household that is eligible for assistance under the  
7 State temporary assistance for needy families program es-  
8 tablished under part A of title IV of the Social Security  
9 Act (42 U.S.C. 601 et seq.), or that meets each of the  
10 following requirements shall be eligible to participate in  
11 a demonstration project conducted under this part:

12           “(1) INCOME TEST.—The adjusted gross in-  
13 come of the household does not exceed the earned in-  
14 come amount described in section 32 of the Internal  
15 Revenue Code of 1986 (taking into account the size  
16 of the household).

17           “(2) NET WORTH TEST.—

18           “(A) IN GENERAL.—The net worth of the  
19 household, as of the end of the calendar year  
20 preceding the determination of eligibility, does  
21 not exceed \$10,000.

22           “(B) DETERMINATION OF NET WORTH.—  
23 For purposes of subparagraph (A), the net  
24 worth of a household is the amount equal to—

1                   “(i) the aggregate market value of all  
2                   assets that are owned in whole or in part  
3                   by any member of the household; minus

4                   “(ii) the obligations or debts of any  
5                   member of the household.

6                   “(C) EXCLUSIONS.—For purposes of de-  
7                   termining the net worth of a household, a  
8                   household’s assets shall not be considered to in-  
9                   clude the primary dwelling unit and 1 motor ve-  
10                  hicle owned by the household.

11               “(b) INDIVIDUALS UNABLE TO COMPLETE THE  
12 PROJECT.—The Secretary shall establish such regulations  
13 as are necessary, including prohibiting future eligibility to  
14 participate in any other demonstration project conducted  
15 under this part, to ensure compliance with this part if an  
16 individual participating in the demonstration project  
17 moves from the community in which the project is con-  
18 ducted or is otherwise unable to continue participating in  
19 that project.

20   **“SEC. 693. SELECTION OF INDIVIDUALS TO PARTICIPATE.**

21               “From among the individuals eligible to participate  
22 in a demonstration project conducted under this part, each  
23 qualified entity shall select the individuals—

24               “(1) that the qualified entity deems to be best  
25               suited to participate; and

1           “(2) to whom the qualified entity will provide  
2       deposits in accordance with section 694.

3   **“SEC. 694. DEPOSITS BY QUALIFIED ENTITIES.**

4       “(a) IN GENERAL.—Not less than once every 3  
5   months during each project year, each qualified entity  
6   under this Act shall deposit in the individual development  
7   account of each individual participating in the project, or  
8   into a parallel account maintained by the qualified en-  
9   tity—

10           “(1) from the non-Federal funds described in  
11       section 689(c)(4), a matching contribution of not  
12       less than \$0.50 and not more than \$4 for every \$1  
13       of earned income (as defined in section 911(d)(2) of  
14       the Internal Revenue Code of 1986) deposited in the  
15       account by a project participant during that period;

16           “(2) from the grant made under section 690(b),  
17       an amount equal to the matching contribution made  
18       under paragraph (1); and

19           “(3) any interest that has accrued on amounts  
20       deposited under paragraph (1) or (2) on behalf of  
21       that individual into the individual development ac-  
22       count of the individual or into a parallel account  
23       maintained by the qualified entity.

24       “(b) LIMITATION ON DEPOSITS FOR AN INDIVID-  
25   UAL.—Not more than \$2,000 from a grant made under

1 section 690(b) shall be provided to any 1 individual over  
2 the course of the demonstration project.

3 “(c) LIMITATION ON DEPOSITS FOR A HOUSE-  
4 HOLD.—Not more than \$4,000 from a grant made under  
5 section 690(b) shall be provided to any 1 household over  
6 the course of the demonstration project.

7 “(d) WITHDRAWAL OF FUNDS.—The Secretary shall  
8 establish such guidelines as may be necessary to ensure  
9 that funds held in an individual development account are  
10 not withdrawn, except for 1 or more qualified expenses,  
11 or for an emergency withdrawal. Such guidelines shall in-  
12 clude a requirement that a responsible official of the quali-  
13 fied entity conducting a project approve such withdrawal  
14 in writing. The guidelines shall provide that no individual  
15 may withdraw funds from an individual development ac-  
16 count earlier than 6 months after the date on which the  
17 individual first deposits funds in the account.

18 “(e) REIMBURSEMENT.—An individual shall reim-  
19 burse an individual development account for any funds  
20 withdrawn from the account for an emergency withdrawal,  
21 not later than 12 months after the date of the withdrawal.  
22 If the individual fails to make the reimbursement, the  
23 qualified entity administering the account shall transfer  
24 the funds deposited into the account or a parallel account  
25 under section 694 to the Reserve Fund of the qualified

1 entity, and use the funds to benefit other individuals par-  
2 ticipating in the demonstration project involved.

3 **“SEC. 695. LOCAL CONTROL OVER DEMONSTRATION**  
4 **PROJECTS.**

5 “A qualified entity under this part, other than a  
6 State or local government agency or a tribal government,  
7 shall, subject to the provisions of section 697, have sole  
8 authority over the administration of the project. The Sec-  
9 retary may prescribe only such regulations or guidelines  
10 with respect to demonstration projects conducted under  
11 this part as are necessary to ensure compliance with the  
12 approved applications and the requirements of this part.

13 **“SEC. 696. ANNUAL PROGRESS REPORTS.**

14 “(a) IN GENERAL.—Each qualified entity under this  
15 part shall prepare an annual report on the progress of the  
16 demonstration project. Each report shall include both pro-  
17 gram and participant information and shall specify for the  
18 period covered by the report the following information:

19 “(1) The number and characteristics of individ-  
20 uals making a deposit into an individual develop-  
21 ment account.

22 “(2) The amounts in the Reserve Fund estab-  
23 lished with respect to the project.

24 “(3) The amounts deposited in the individual  
25 development accounts.

1           “(4) The amounts withdrawn from the individ-  
2           ual development accounts and the purposes for  
3           which such amounts were withdrawn.

4           “(5) The balances remaining in the individual  
5           development accounts.

6           “(6) The savings account characteristics (such  
7           as threshold amounts and match rates) required to  
8           stimulate participation in the demonstration project,  
9           and how such characteristics vary among different  
10          populations or communities.

11          “(7) What service configurations of the quali-  
12          fied entity (such as peer support, structured plan-  
13          ning exercises, mentoring, and case management) in-  
14          creased the rate and consistency of participation in  
15          the demonstration project and how such configura-  
16          tions varied among different populations or commu-  
17          nities.

18          “(8) Such other information as the Secretary  
19          may require to evaluate the demonstration project.

20          “(b) SUBMISSION OF REPORTS.—The qualified entity  
21          shall submit each report required to be prepared under  
22          subsection (a) to—

23                 “(1) the Secretary; and

24                 “(2) the Treasurer (or equivalent official) of the  
25          State in which the project is conducted, if the State

1 or a local government or a tribal government com-  
2 mitted funds to the demonstration project.

3 “(c) TIMING.—The first report required by sub-  
4 section (a) shall be submitted not later than 60 days after  
5 the end of the calendar year in which the Secretary au-  
6 thorized the qualified entity to conduct the demonstration  
7 project, and subsequent reports shall be submitted every  
8 12 months thereafter, until the conclusion of the project.

9 **“SEC. 697. SANCTIONS.**

10 “(a) AUTHORITY TO TERMINATE DEMONSTRATION  
11 PROJECT.—If the Secretary determines that a qualified  
12 entity under this part is not operating the demonstration  
13 project in accordance with the entity’s application or the  
14 requirements of this part (and has not implemented any  
15 corrective recommendations directed by the Secretary),  
16 the Secretary shall terminate such entity’s authority to  
17 conduct the demonstration project.

18 “(b) ACTIONS REQUIRED UPON TERMINATION.—If  
19 the Secretary terminates the authority to conduct a dem-  
20 onstration project, the Secretary—

21 “(1) shall suspend the demonstration project;

22 “(2) shall take control of the Reserve Fund es-  
23 tablished pursuant to section 691;

24 “(3) shall make every effort to identify another  
25 qualified entity (or entities) willing and able to con-

1       duct the project in accordance with the approved ap-  
2       plication (or, as modified, if necessary to incorporate  
3       the recommendations) and the requirements of this  
4       part;

5           “(4) shall, if the Secretary identifies an entity  
6       (or entities) described in paragraph (3)—

7           “(A) authorize the entity (or entities) to  
8       conduct the project in accordance with the ap-  
9       proved application (or, as modified, if nec-  
10      essary, to incorporate the recommendations)  
11      and the requirements of this part;

12          “(B) transfer to the entity (or entities)  
13      control over the Reserve Fund established pur-  
14      suant to section 691; and

15          “(C) consider, for purposes of this part—

16           “(i) such other entity (or entities) to  
17      be the qualified entity (or entities) origi-  
18      nally authorized to conduct the demonstra-  
19      tion project; and

20           “(ii) the date of such authorization to  
21      be the date of the original authorization;  
22      and

23          “(5) if, by the end of the 1-year period begin-  
24      ning on the date of the termination, the Secretary

1 has not found a qualified entity (or entities) de-  
2 scribed in paragraph (3), shall—

3 “(A) terminate the project; and

4 “(B) from the amount remaining in the  
5 Reserve Fund established as part of the project,  
6 remit to each source that provided funds under  
7 section 689(c)(4) to the entity originally au-  
8 thorized to conduct the project, an amount that  
9 bears the same ratio to the amount so remain-  
10 ing as the amount provided by the source under  
11 section 689(c)(4) bears to the amount provided  
12 by all such sources under that section.

13 **“SEC. 698. EVALUATIONS.**

14 “(a) IN GENERAL.—Not later than 10 months after  
15 the date of enactment of this part, the Secretary shall  
16 enter into a contract with an independent research organi-  
17 zation to evaluate, individually and as a group, all quali-  
18 fied entities and sources participating in the demonstra-  
19 tion projects conducted under this part.

20 “(b) FACTORS TO EVALUATE.—In evaluating any  
21 demonstration project conducted under this part, the re-  
22 search organization shall address the following factors:

23 “(1) The effects of incentives and organiza-  
24 tional or institutional support on savings behavior in  
25 the demonstration project.

1           “(2) The savings rates of individuals in the  
2 demonstration project based on demographic charac-  
3 teristics including gender, age, family size, race or  
4 ethnic background, and income.

5           “(3) The economic, civic, psychological, and so-  
6 cial effects of asset accumulation, and how such ef-  
7 fects vary among different populations or commu-  
8 nities.

9           “(4) The effects of individual development ac-  
10 counts on homeownership, level of postsecondary  
11 education attained, and self-employment, and how  
12 such effects vary among different populations or  
13 communities.

14           “(5) The potential financial returns to the Fed-  
15 eral Government and to other public sector and pri-  
16 vate sector investors in individual development ac-  
17 counts over a 5-year and 10-year period of time.

18           “(6) The lessons to be learned from the dem-  
19 onstration projects conducted under this part and if  
20 a permanent program of individual development ac-  
21 counts should be established.

22           “(7) Such other factors as may be prescribed by  
23 the Secretary.

1       “(c) METHODOLOGICAL REQUIREMENTS.—In evalu-  
2     ating any demonstration project conducted under this  
3     part, the research organization shall—

4               “(1) for at least 1 site, use control groups to  
5     compare participants with nonparticipants;

6               “(2) before, during, and after the project, ob-  
7     tain such quantitative data as are necessary to  
8     evaluate the project thoroughly; and

9               “(3) develop a qualitative assessment, derived  
10    from sources such as in-depth interviews, of how  
11    asset accumulation affects individuals and families.

12    “(d) REPORTS BY THE SECRETARY.—

13               “(1) INTERIM REPORTS.—Not later than 90  
14    days after the end of the calendar year in which the  
15    Secretary first authorizes a qualified entity to con-  
16    duct a demonstration project under this part, and  
17    every 12 months thereafter until all demonstration  
18    projects conducted under this part are completed,  
19    the Secretary shall submit to Congress an interim  
20    report setting forth the results of the reports sub-  
21    mitted pursuant to section 696(b).

22               “(2) FINAL REPORTS.—Not later than 12  
23    months after the conclusion of all demonstration  
24    projects conducted under this part, the Secretary  
25    shall submit to Congress a final report setting forth

1 the results and findings of all reports and evalua-  
2 tions conducted pursuant to this part.

3 “(e) EVALUATION EXPENSES.—The Secretary shall  
4 expend such sums as may be necessary, but not less than  
5 2 percent of the amount appropriated under section 699A  
6 for a fiscal year, to carry out the purposes of this section.

7 **“SEC. 699. TREATMENT OF FUNDS.**

8 “Of the funds deposited in individual development ac-  
9 counts for eligible individuals, only the funds deposited by  
10 the individuals (including interest accruing on those  
11 funds) may be considered to be income, assets, or re-  
12 sources of the individuals for purposes of determining eli-  
13 gibility for, or the amount of assistance furnished under,  
14 any Federal or federally assisted program based on need.

15 **“SEC. 699A. AUTHORIZATION OF APPROPRIATIONS.**

16 “There is authorized to be appropriated to carry out  
17 this part, \$25,000,000 for each of fiscal years 1999, 2000,  
18 2001, and 2002, to remain available until expended.”.